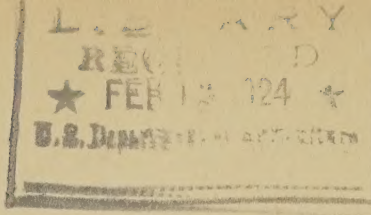


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UNITED STATES DEPARTMENT OF AGRICULTURE

Bureau of Agricultural Economics

PROPOSED REGULATIONS

of the Secretary of Agriculture

for Potato Warehouses

Under the

UNITED STATES WAREHOUSE ACT OF

August 11, 1916,

as Amended.

:	:
:The attached regulations are merely tentative and are	:
:drafted as a basis for consideration in hearings to	:
:be held in the various important potato producing cen-	:
:ters in the United States. The purpose of the hearings	:
:is to give those interested an opportunity to make such	:
:suggestions as they believe pertinent in the matter.	:
:After the hearings, such changes will be made as may	:
:seem desirable, before the regulations are officially	:
:promulgated.	:
:	:





- Warehouseman. Paragraph 9. Warehouseman.--Any person lawfully engaged in the business of storing potatoes.
- License. Paragraph 10. License.--A license issued under the Act by the Secretary.
- Licensed warehouseman. Paragraph 11. Licensed warehouseman.--A warehouseman licensed as such under the Act.
- Licensed warehouse. Paragraph 12. Licensed warehouse.--A warehouse for the conduct of which a license has been issued.
- Licensed warehouseman's bond. Paragraph 13. Licensed warehouseman's bond.--A bond required to be given under the Act by a licensed warehouseman.
- Licensed weigher. Paragraph 14. Licensed weigher.--A person licensed under the Act by the Secretary of weigh and certificate the weight of potatoes stored or to be stored in a licensed warehouse.
- Licensed inspector. Paragraph 15. Licensed inspector.--A person licensed under the Act by the Secretary to inspect, to grade, and to certificate the grade and condition for storage of potatoes.
- Receipt. Paragraph 16. Receipt.--A warehouse receipt.

Warehouse  
Licenses.

Regulation 2. Warehouse Licenses.

Application  
form.

Section 1. Applications for licenses under sections 4 and 9 of the Act and for modifications or extensions of licenses under section 5 of the Act shall be made to the Secretary upon forms prescribed for the purpose and furnished by the Bureau, shall be in English, shall truly state the information therein contained, and shall be signed by the applicant. The applicant shall at any time furnish such additional information as the Secretary or the Chief of the Bureau shall find to be necessary to the consideration of his application by the Secretary.

Grounds for  
not issuing  
license.

Sec. 2. A license for the conduct of a warehouse shall not be issued if it be found by the Secretary that the warehouse is not suitable for the proper storage of potatoes, that the warehouseman is incompetent to conduct such warehouse in accordance with the Act and these regulations, or that there is any other sufficient reason within the purposes of the Act for not issuing such license.







Net assets  
required.

Sec. 3. The warehouseman conducting a warehouse licensed or for which application for license has been made under the Act, shall have and maintain above all exemptions and liabilities net assets liable for the payment of any indebtedness arising from the conduct of the warehouse, to the extent of at least 10¢ per hundred weight of the maximum number of hundred weight that the warehouse will accommodate when stored in the manner customary to the warehouse as determined by the Chief of the Bureau, except that the amount of such assets shall not be less than \$5,000, and need not be more than \$100,000. In case such warehouseman has applied for licenses to conduct two or more warehouses in the same State, the assets applicable to all of which shall be subject to the liabilities of each, such warehouses shall be deemed to be one warehouse for the purposes of the assets required under this section. For the purposes of this section only, paid in capital stock, as such, shall not be considered a liability. Any deficiency in the required net assets may be supplied by an increase in the amount of the warehouseman's bond in accordance with paragraph 2 of section 2 of regulation 3.

Application  
for modifica-  
tion or ex-  
tension.

Sec. 4. Each application for a modification or extension of a license under section 5 of the Act shall be made to the Secretary, upon a form prescribed for the purpose and furnished by the Chief of the Bureau, shall be in English, shall be signed by the applicant, and shall be filed with the Secretary not less than 30 days before the date of the termination of the license then in effect.

Time of fil-  
ing.

License or  
extension  
shall be  
posted.

Sec. 5. Immediately upon receipt of his license or of any modification or extension thereof under the Act, the warehouseman shall post the same, and thereafter, except as otherwise provided in these regulations, keep it posted until suspended or terminated, in a conspicuous place in the principal office where receipts issued by such warehouseman are delivered to depositors.

Suspension,  
cancellation  
or revocation  
of warehouse  
licenses.

Sec. 6. Pending investigation, the Secretary, whenever he deems necessary, may suspend a warehouseman's license temporarily without hearing. Upon written request and a satisfactory statement of reasons therefor, submitted by a warehouseman, the Secretary may, without hearing, suspend or cancel the license issued to such warehouseman. The Secretary may, after opportunity for hearing, when possible, has been afforded in the manner prescribed in this section, cancel a license issued to a warehouseman when such warehouseman is (a) bankrupt or insolvent, (b) has parted, in whole or in part, with his control over the licensed warehouse, (c) is in process of dissolution or has been dissolved, (d) has ceased to conduct such licensed warehouse, or (e) has in any other







manner become nonexistent or incompetent or incapacitated to conduct the business of the warehouse. Whenever any of the conditions mentioned in sub-divisions (a) to (e) of this section shall come into existence it shall be the duty of the warehouseman to notify immediately the Chief of the Bureau of the existing condition. Before a license is revoked, or canceled for any violation of, or failure to comply with, any provision of the Act or of these regulations or upon the ground that unreasonable or exorbitant charges have been made for services rendered, the warehouseman involved shall be furnished by the Secretary, or by an official of the Department of Agriculture designated for the purpose, a written statement specifying the charges and shall be allowed a reasonable time within which he may answer the same in writing and apply for a hearing, an opportunity for which shall be afforded in accordance with regulation 10, section 4.

Return of ter- Sec. 7. In case a license issued to a warehouseman minated, sus- terminates or is suspended, revoked, or canceled by pended, revok- the Secretary, such license shall be returned to the ed, or cancel- Secretary when requested. At the expiration of any ed warehouse period of suspension of such license, unless it be in license. the meantime revoked or canceled, the dates of the beginning and termination of the suspension shall be indorsed thereon, it shall be returned to the licensed warehouseman to whom it was originally issued, and it shall be posted as prescribed in section 5 of this regulation.

Lost or Sec. 8. Upon satisfactory proof of the loss or destruc- destroyed of a license issued to a warehouseman, a duplicate thereof warehouse may be issued under the same or a new number at the dis- license. cretion of the Secretary.

Unlicensed Sec. 9. No warehouse or its warehouseman shall be de- warehousemen signated as licensed under the Act and no name or de- must not repre- scription conveying the impression that it or he is so sent themself- licensed shall be used, either in a receipt or otherwise, ves as licen- unless such warehouseman holds an unsuspended, unrevoked, sed. and uncanceled license for the conduct of such warehouse.

Warehouse  
bonds.

### Regulation 3. Warehouse Bonds.

Time of fil- Section 1. Unless the warehouseman has previously filed ing. with the Secretary the necessary bond required by section 2 of this regulation, he shall file such bond within a time, if any specified by the Secretary, said bond to cover all obligations arising thereunder during the period of the license.







Amount based  
on storage  
capacity.

Sec. 2. Paragraph 1. Exclusive of any amount which may be added in accordance with paragraphs 2 and 2 of this section, the amount of such bond shall be at the rate of 10¢ per hundredweight or fractional part thereof, of the maximum number of hundred weight that the warehouse will accommodate when stored in the manner customary to the warehouse for which such bond is required, as determined by the Chief of the Bureau, but not less than \$5,000 nor more than \$50,000. In case such warehouseman has applied for licenses to conduct two or more warehouses in the same State, the assets applicable to all of which shall be subject to the liabilities of each, and shall desire to give a single bond meeting the requirements of the Act and these regulations for said warehouses, such warehouses shall be deemed to be one warehouse for the purposes of the bond required under this regulation.

Additional  
amount for  
deficiency in  
net assets.

Paragraph 2. In case of a deficiency in net assets under regulation 2, section 3, there shall be added to the amount of the bond, fixed in accordance with paragraph 1 of this section, an amount equal to such deficiency.

Additional  
amount for  
special condi-  
tions.

Paragraph 3. In case the Secretary finds the existence of conditions warranting such action, there shall be added to the amount fixed in accordance with paragraphs 1 and 2 of this section a further amount, fixed by him, to meet such conditions.

Extension  
bond

Sec. 3. In case an application is made under regulation 2, section 1, for a modification or an extension of a license and no bond previously filed by the warehouseman under this regulation covers obligations arising during the period of such modification or extension, the warehouseman shall, when notice has been given by the Secretary that his application for such modification or extension will be granted upon compliance by such warehouseman with the Act, file with the Secretary, within a time, if any, fixed in such notice, a bond complying with the Act. In the discretion of the Secretary, a properly executed instrument in form approved by him, amending, extending or continuing in force and effect the obligations of a valid bond previously filed by the warehouseman and otherwise complying with the Act and these regulations, may be filed in lieu of a new bond.

New bond requir-  
ed to continue  
license beyond  
one year.

Sec. 4. Whenever a license has been issued for a period longer than one year, such license shall not be effective beyond one year from its effective date unless the warehouseman shall have filed a new bond in the required amount with, and such bond shall have been approved by, the Secretary prior to the date on which that license would have expired had it been issued for but one year, subject to the provisions of section 3 of this regulation.





Approval of  
bond.

Sec. 5. No bond, amendment or continuation thereof shall deemed accepted for the purposes of the Act and these regulations until it has been approved by the Secretary, or his duly authorized agent.

Warehouse  
receipts.

#### Regulation 4. Warehouse Receipts.

Contents of  
negotiable and  
non-negotiable  
receipts.

Section 1. Paragraph 1. Every receipt, whether negotiable or nonnegotiable, issued for potatoes stored in a licensed warehouse shall, in addition to complying with the requirements of section 18 of the Act, embody within its written or printed terms the following: (a) the name of the licensed warehouseman and the designation, if any, of the warehouse, (b) the license number of the warehouse, (c) a statement whether the warehouseman is incorporated or unincorporated, and if unincorporated, under what laws, (d) the tag number given to each lot of potatoes in accordance with regulation 5, section 11, (e) a statement conspicuously placed, whether or not the potatoes are insured, and, if insured to what extent, by the warehouseman against loss by fire, lightning, or tornado, (f) a blank space designated for the purpose in which the condition of the potatoes shall be stated; (g) a blank space designated for the purpose in which the variety of the potatoes shall be stated, (h) the words "Not Negotiable," "Non-negotiable," or "Negotiable," according to the nature of the receipt, clearly and conspicuously printed or stamped thereon, and (i) a statement indicating the amount of shrinkage agreed upon between the depositor and the warehouseman.

Storage period  
limited to  
three months.

Paragraph 2. Every receipt whether negotiable or nonnegotiable issued for potatoes stored in a licensed warehouse shall specify the period for which the potatoes are accepted for storage but no receipt shall be issued for potatoes stored prior to October 1 of the year in which harvested, nor shall any receipt be issued for a period beyond three months from the issuance thereof. Upon demand and surrender of the old receipt by the lawful holder thereof at the expiration of the period specified, the warehouseman upon such lawful terms and conditions as may be granted by him at such time to other depositors of potatoes in his warehouse, if he then continue to act as a licensed warehouseman, shall issue a new receipt for a further specified period not extending beyond March 31 of the year following harvesting, provided, it is actually determined that the quality or commercial value of the potatoes has not been impaired, or if he then continue to act as a public warehouseman but not as a licensed warehouseman he shall issue a new non-licensed receipt.

Extension of  
receipts be-  
yond three  
months.

Grade or other  
class of pota-  
toes.

Paragraph 3. Whenever the grade or other class of the potatoes is stated in a receipt issued for potatoes stored in a licensed warehouse, such grade or other class shall be stated in the receipt in accordance with regulation 8.





Additional contents of negotiable receipts.

Paragraph 4. The grade stated in a receipt issued for potatoes the identity of which is not to be preserved, stored in warehouse, shall be stated as determined by the licensed inspector who last inspected the potatoes before the issuance of such receipt, and such receipt shall embody within its written or printed terms the following: (a) that the potatoes covered by the receipt were weighed by a licensed weigher and inspected by a licensed inspector, and (b) a form of indorsement which may be used by the depositor, or his authorized agent, for showing the ownership of, and liens, mortgages, or other encumbrances on, the potatoes covered by the receipt.

When grade omitted receipt must be so marked.

Paragraph 5. If a warehouseman issue a receipt omitting the statement of grade on request of the depositor as permitted by section 18 of the Act, such receipt shall have clearly and conspicuously stamped or written on the face thereof the words "Not graded on request of depositor."

Blank spaces in receipt to be filled in.

Paragraph 6. If a warehouseman issue a receipt under the Act omitting any information not required to be stated, for which a blank space is provided in the form of the receipt, a line shall be drawn through such space to show that such omission has been made by the warehouseman.

Copies of receipts.

Sec. 2. If any copies of receipts are made, all such copies, except those issued in lieu of the original in case of lost or destroyed receipts, shall, if there be no statute of the United States or law of a State providing otherwise, have clearly and conspicuously printed or stamped thereon the words "Copy - Not Negotiable."

Lost or destroyed receipts.

Sec. 3. Paragraph 1. In the case of a lost or destroyed receipt, if there be no statute of the United States or law of a State applicable thereto, a new receipt upon the same terms, subject to the same conditions, and bearing on its face the number and the date of the receipt in lieu of which it is issued and a plain and conspicuous statement that it is a duplicate issued in lieu of a lost or destroyed receipt, may be issued upon compliance with the conditions set out in paragraph 2 of this section.

Affidavit of loss or destruction of receipts.

Paragraph 2. Before issuing such duplicate receipt the licensed warehouseman shall require the depositor or other person applying therefor to make and file with the warehouseman (a) an affidavit showing that he is lawfully entitled to the possession of the original receipt, that he has not negotiated or assigned it, how the original receipt was lost or destroyed, and if lost, that diligent effort has been made to find the receipt without success, and (b) a bond in an amount double the value, at the time the bond is given, of the potatoes represented by the lost or destroyed receipt. Such bond shall be in the form approved for the purpose by the Secretary, shall be conditioned to indemnify the warehouseman against any loss sustained by reason of

Bond





the issuance of such duplicate receipt, and shall have as surety thereon (a) a surety company which is authorized to do business, and is subject to service of process in a suit on the bond, in the State in which the warehouse is located, or (b) at least two individuals who are residents of such State and each of whom owns real property therein having a value, in excess of all exemptions and encumbrances, to the extent of double the amount of the bond.

Approval of  
forms of  
receipts.

Sec. 4. No receipt shall be issued under the Act until its form has been approved by the Chief of the Bureau and the warehouse so advised in writing. For this purpose the warehouseman shall submit two final proof copies of the proposed form printed on paper identical to that on which the final receipts will be printed.

Partial  
delivery of  
potatoes.

Sec. 5. If a warehouseman deliver a part only of a lot of potatoes for which he has issued a negotiable receipt under the Act, he shall take up and cancel such receipt and issue a new receipt in accordance with these regulations for the undelivered portion of the potatoes.

Return of  
receipts before  
delivery of  
potatoes.

Sec. 6. Except as permitted by law or by these regulations, a warehouseman shall not deliver potatoes for which he has issued a negotiable receipt until the receipt has been returned to him and canceled, and shall not deliver potatoes for which he has issued a non-negotiable receipt until such receipt has been returned to him or he has obtained from the person lawfully entitled to such delivery, or his authorized agent, a written acknowledgment thereof.

Warehouseman  
not to attempt  
to compel grade  
to be omitted.

Sec. 7. No licensed warehouseman shall, directly or indirectly by any means whatsoever, compel or attempt to compel the depositor of any potatoes stored in his licensed warehouse to request the issuance of a receipt omitting the statement of grade.

Duties of li-  
censed warehouse-  
man.

#### Regulation 5. Duties of Licensed Warehouseman.

Potatoes must  
be inspected by  
licensed in-  
spector.

Sec. 1. No licensed warehouseman shall receive potatoes into his licensed warehouse for storage or any other purpose, unless such potatoes have been inspected and approved at the time such potatoes are offered for entry and storage in such warehouse by an inspector licensed under the Act and these regulations, and no licensed warehouseman shall store potatoes the identity of which is not to be preserved until the grade of such potatoes has been determined by a licensed inspector.





Insurance against fire, lightning, or tornado.

Section 2. Paragraph 1. Each licensed warehouseman, when so requested in writing as to any potatoes by the depositor thereof or lawful holder of the receipt covering such potatoes, shall, to the extent to which in the exercise of due diligence he is able to procure such insurance, keep such potatoes while in his custody as a licensed warehouseman insured in his own name, or arrange for there insurance otherwise, to the extent so requested, against loss or damage by fire, lightning, or tornado. When insurance is not carried in the warehouseman's name, the receipts shall show that the potatoes are not insured by the warehouseman. Such insurance shall be covered by lawful policies issued by one or more insurance companies authorized to do such business, and subject to service of process in suits brought, in the State where the warehouse is located. If the warehouseman is unable to procure such insurance to the extent requested, he shall, orally or by telegraph or by telephone and at his own expense, immediately notify the person making the request of the fact.

Notice regarding insurance to be posted.

Paragraph 2. Each warehouseman shall keep exposed conspicuously in the place prescribed by regulation 2, section 5, and at such other place as the Chief of the Bureau or his representative may from time to time designate a notice stating briefly the conditions under which the potatoes will be insured against loss or damage by fire, lightning, or tornado.

Premiums, inspections, and reports.

Sec. 3. Each warehouseman shall, in accordance with his contracts with insurance and bonding companies for the purpose of meeting the insurance and bonding requirements of these regulations, pay such premiums, permit such reasonable inspections and examinations, and make such reasonable reports as may be provided for in such contracts.

Warehouseman to collect and pay over insurance.

Sec. 4. Each warehouseman shall promptly take such steps as may be necessary and proper to collect any moneys which may become due under contracts of insurance entered into by him for the purpose of meeting the requirements of these regulations, and shall, as soon as collected, promptly pay over to the persons concerned any portion of such moneys which they may be entitled to receive from him.

Agreement as to shrinkage.

Sec. 5. At the time potatoes, the identity of which is not to be preserved, are received for storage, the warehouseman and the depositor shall agree upon the maximum amount of loss to be allowed for natural shrinkage and loss caused by rodents while the potatoes are in storage, and the amount so agreed upon shall be stated in the receipt when issued.





Care of potatoes  
in licensed ware-  
house.

Sec. 6. Each warehouseman shall at all times exercise such care in regard to potatoes in his custody as a reasonably careful owner would exercise under the same circumstances and conditions.

Care of non-  
licensed potatoes  
or other commod-  
ities.

Sec. 7. If at any time a warehouseman shall handle or store potatoes otherwise than as a licensed warehouseman, or shall handle or store any other commodity, he shall so protect the same, and otherwise exercise such care with respect to it, as not to endanger the potatoes in his custody as a licensed warehouseman or impair his ability to meet his obligations and perform his duties under the Act and these regulations. If the licensed warehouseman shall store other than as a licensed warehouseman, potatoes or other commodities, a non-licensed receipt shall be issued which shall contain in its terms a provision that said potatoes or commodities are accepted for storage only until such time as the space which they may occupy may be needed for products for the storage of which the warehouseman is licensed. Under no circumstances shall any commodities for the storage of which the warehouseman is not licensed be stored if the storage of such commodities might adversely affect the commercial value of, or insurance on the potatoes covered by licensed receipts.

Records to be  
kept in safe  
place.

Sec. 8. Each warehouseman shall provide a metal fireproof safe, a fireproof vault, or a fireproof compartment in which he shall keep, when not in actual use, all records, books, and papers pertaining to the licensed warehouse, including his current receipt book, copies of receipts issued and canceled receipts, except that with the written consent of the Chief of the Bureau, or his representative, upon a showing by such warehouseman that it is not practicable to provide such fireproof safe, vault, or compartment, he may keep such records, books, and papers in some other place of safety, approved by the Chief of the Bureau or his representative. All canceled receipts shall be arranged by the warehouseman in numerical order as soon as possible after their cancellation and shall be preserved in numerical order thereafter.

Warehouse  
charges.

Sec. 9. A warehouseman shall not make any unreasonable or exorbitant charge for services rendered. Before a license to conduct a warehouse is granted under the Act the warehouseman shall file with the Chief of the Bureau a copy of his rules and a schedule of charges to be made by him if licensed. Before making any change in such rules or schedule of charges he shall file with the Chief of the Bureau a statement in writing showing the proposed change and the reasons therefor. Each licensed warehouseman shall keep exposed conspicuously in the place prescribed by regulation 2, section 5, and at such other place, accessible to the public, as the Chief of the Bureau or his representative may from time to time designate, a copy of his current rules and schedule of charges.



Business  
hours.

- Sec. 10. Paragraph 1. Each licensed warehouse shall be kept open for the purpose of receiving potatoes for storage and delivering potatoes out of storage every business day for a period of not less than six hours between the hours of 8 a.m. and 6 p.m., except as provided in paragraph 2 of this section. The warehouseman shall keep conspicuously posted on the door of the public entrance to his office and to his warehouse a notice showing the hours during which the warehouse will be kept open, except when such warehouse is kept open continuously from 8 a.m. to 6 p.m.

Closing of  
Warehouse.

Paragraph 2. In case the warehouse is not to be kept open as required by paragraph 1 of this section, the notice posted as prescribed in that paragraph shall state the period during which the warehouse is to be closed and the name of an accessible person, with the address where he is to be found, who shall be authorized to deliver potatoes stored in such warehouse, upon lawful demand by the depositor thereof or the holder of the receipt therefor, as the case may be.

Each lot of  
potatoes to be  
tagged.

Sec. 11. Each warehouseman shall, upon acceptance of any lot of sacked potatoes for storage, attach to such lot a tag of good quality which shall identify the lot. Such tag shall show the lot number, the number of the receipt issued to cover such potatoes, the number of sacks in the lot, the variety or type of the potatoes, the grade if determined, the gross weight of the potatoes at the time they entered storage, and the date they entered storage.

Arrangement  
and tagging of  
stored potatoes

Sec. 12. Each warehouseman shall so store each lot of potatoes for which a receipt under the Act has been issued that the tag thereon, required by section 11 of this regulation, is visible and readily accessible, and shall arrange all sacks in his licensed warehouse so as to permit making a determination of the number of sacks in storage at any time.

Grades and  
weights accord-  
ing to which  
bulk potatoes  
shall be accept-  
ed and delivered.

Sec. 13. Each licensed warehouseman shall accept all potatoes for storage and shall deliver out of storage all potatoes, other than specially binned potatoes or sacked potatoes, in accordance with the grade of such potatoes as determined by a person duly licensed to inspect such potatoes and to certificate the grade thereof, and in accordance with the weights of such potatoes as determined by a person duly licensed to weigh such potatoes, and to certificate the weight thereof, under the Act and these regulations, and in accordance with the agreement regarding shrinkage as shown by the terms of the receipt.

Bulk storage  
of identity pre-  
served potatoes.

Sec. 14. Upon the acceptance by a licensed warehouseman, for storage in his licensed warehouse, of an lot of bulk potatoes the identity of which is to be preserved, he shall so store such potatoes in the warehouse that their identity will not be lost during the storage period.





Delivery of  
bulk potatoes.

Sec. 15. Except as may be provided by law or these regulations, each licensed warehouseman, (a) upon proper presentation of a receipt for any bulk, other than specially binned potatoes, and upon payment or tender of all advances and legal charges, shall deliver to such depositor or lawful holder of such receipt, potatoes of the grade and quantity specified in such receipt, after making due allowance for such shrinkage as the receipt stipulates and (b) upon proper presentation of a receipt for any potatoes, the identity of which was to have been preserved during the storage period, and upon payment or tender of all advances and legal charges, shall deliver to the person lawfully entitled thereto, the identical potatoes stored in his licensed warehouse.

System of  
Accounts.

Sec. 16. Each licensed warehouseman shall use for his licensed warehouse a system of accounts, approved for the purpose by the Chief of the Bureau, or his authorized representative, which shall show for each sack or lot of potatoes, the name of the depositor, the weight of the potatoes, the number of sacks in each lot, the grade when grade is required to be, or is, ascertained, the location in the warehouse, the dates received for and delivered out of storage, the receipts issued and canceled, a separate record for each depositor, and such accounts shall include a detailed record of all moneys received and disbursed and of all effective insurance policies. In the case of potatoes stored in sacks, the tag number mentioned in section 11 of this regulation shall be shown.

Reports.

Sec. 17. Each licensed warehouseman shall, from time to time, when requested by the Chief of the Bureau, make such reports, on forms prescribed and furnished for the purpose by the Bureau, concerning the condition, contents, operation, and business of the warehouse as the Chief of the Bureau may require.

Canceled re-  
ceipts to be  
forwarded to  
Bureau for  
auditing.

Sec. 18. Each warehouseman, when requested by the Bureau, shall forward his canceled receipts for auditing to Washington or to such field offices of the Bureau as may be designated from time to time. For the purpose of this section, only such portion as the Bureau may designate of each canceled receipt, numbered to correspond with the actual receipt number, need be submitted.

Copies of  
reports to be  
kept.

Sec. 19. Each warehouseman shall keep on file, as a part of the records of the warehouse, for such period as may be prescribed by the Chief of the Bureau, an exact copy of each report submitted by such warehouseman under this regulation.





Inspections  
and Examina-  
tions of Ware-  
houses.

Sec. 20. Each licensed warehouseman shall permit any officer or agent of the Department of Agriculture, authorized by the Secretary for the purpose, to enter and inspect or examine at any time any warehouse for the conduct of which such warehouseman holds a license, the office thereof, the books, records, papers, and accounts relating thereto, and the contents thereof, and such warehouseman shall furnish such officer or agent the assistance necessary to enable him to make any inspection or examination under this section.

Inspection of  
Weighing  
Apparatus.

Sec. 21. The weighing apparatus used for ascertaining the weight stated in a receipt or certificate, issued for potatoes stored in a licensed warehouse, shall be subject to examination by any officer or agent of the Department of Agriculture employed for such purpose. If the Bureau shall disapprove such weighing apparatus, it shall not thereafter, unless such disapproval be withdrawn, be used in ascertaining the weight of any potatoes for the purposes of the Act and these regulations.

Warehouse to be  
Kept Clean.

Sec. 22. Each licensed warehouseman shall keep his warehouse clean and free from trash, rubbish, and scattered potatoes, and shall provide bins for the storage of potatoes in bulk. He shall also exercise every precaution to keep his warehouse free of rats or other pests that might cause damage or injury to potatoes in storage.

Duty to  
Fumigate.

Sec. 23. When in the opinion of the Chief of the Bureau of his representatives it may appear necessary, it shall be the duty of each licensed warehouseman to fumigate thoroughly his licensed warehouse with such chemicals as may be approved by the Chief of the Bureau for that purpose.

Storage of  
Wet, Dirty, or  
Frosted Potatoes  
Prohibited.

Sec. 24. The warehouseman shall not under any circumstances accept for storage in his licensed warehouse any potatoes that are wet, dirty, or that show any effects of frost or freezing injury, or that are otherwise of a condition rendering them unsuitable for storage.

Heating and  
Ventilating.

Sec. 25. It shall be the duty of the licensed warehouseman to provide adequate equipment for the purpose of heating and ventilating his licensed warehouse when necessary, and he shall so construct the bins of his licensed warehouse that all potatoes stored therein will be afforded ample ventilation. The licensed warehouseman shall not overcrowd his licensed warehouse and shall keep all aisles and passageways open, and no obstructions shall be permitted therein which will prevent a constant and thorough circulation of air throughout and between the bins of potatoes.





Darkening Warehouse Necessary.      Sec. 26. It shall be the duty of each licensed warehouseman to keep his licensed warehouse as dark as is necessary to preserve the commercial value of the potatoes.

Potatoes to be Stored so as not to damage.      Sec. 27. A warehouseman shall so handle and so store potatoes as not to injure or damage them in any manner.

Warehouseman Shall Give Notice of Potatoes out of Condition.      Sec. 28. Par. 1. If the licensed warehouseman, with the approval of the licensed inspector, shall determine that any potatoes are deteriorating and that such deterioration cannot be stopped, the licensed warehouseman shall give immediate notice of the fact in accordance with Paragraphs 2 and 3 of this Section.

Contents of Notice.      Par. 2. Such notice shall state (a) the warehouse in which the potatoes are stored, (b) the quantity, kind, and grade of the potatoes at the time the notice is given, (c) the actual condition of the potatoes as nearly as can be ascertained, and the reason, if known, for such condition, (d) the outstanding receipts covering the potatoes out of condition, giving the number and date of each such receipt and the quantity, the kind, and grade of the potatoes as stated in each such receipt, and (e) that such potatoes will be delivered upon the return and cancellation of the return and cancellation of the receipts therefor.

Persons to whom notice shall be sent.      Par. 3. A copy of such notice shall be delivered in person or shall be sent by mail (a) to the persons holding the receipts if known to the licensed warehouseman, (b) to the person who originally deposited the potatoes, (c) to any other persons known by the licensed warehouseman to be interested in the potatoes, and (d) to the Chief of the Bureau. If the holders of the receipts and the owners of the potatoes are known to the licensed warehouseman and can not, in the regular course of the mails, be reached within 12 hours, the licensed warehouseman shall, whether or not requested so to do, also immediately notify such persons by telegraph or telephone at their expense.

Notice to be posted.      Public notice shall also be given by posting a copy of such notice at the place where the warehouseman is required to post his license.

Record of persons interested in receipt of potatoes.      Par. 4. Any person, interested in any potatoes or the receipt covering such potatoes stored in a licensed warehouse, may, in writing, notify the licensed warehouseman, of the fact of his interest, and such licensed warehouseman shall keep a record of that fact. If such person request in writing that he be notified regarding the condition of any such potatoes and agree to pay the cost of any telegraph or telephone toll charge, such licensed warehouseman shall notify such person in accordance with such request.



Warehouseman  
not relieved  
from properly  
caring for pota-  
toes at all  
times.

Par. 5. Nothing contained in this section shall be construed as relieving the licensed warehouseman from properly caring for any potatoes after notification of their condition in accordance with this section.

Excess  
storage.

Sec. 29. If at any time a warehouseman shall store potatoes in his licensed warehouse in excess of the capacity thereof determined in accordance with paragraph 1 of section 2 of regulation 3, such warehouseman shall so arrange the potatoes as not to obstruct free access thereto and the proper use of sprinkler or other fire protection equipment provided for such warehouse, and shall immediately notify the Chief of the Bureau of such excess storage and arrangement thereof.

Removal  
of potatoes  
from storage.

Sec. 30. Except as may be permitted by law or these regulations, a licensed warehouseman shall not remove any potatoes for storage from the licensed warehouse or the part thereof designated in the receipt, unless such receipt is first surrendered and canceled. Under no circumstances, unless it becomes absolutely necessary to protect the interests of holders of receipts, shall potatoes be removed from the licensed warehouse, before the surrender of receipts, and immediately upon any such removal the warehouseman shall notify the Chief of the Bureau of such removal and the necessity therefor.

Potatoes may  
be sold at  
public auction  
after notice.

Sec. 31. If the potatoes, advertised in accordance with the requirements of section 28 of this regulation, have not been removed from storage by the owner thereof within 7 days from the date of notice of their being out of condition, the licensed warehouseman in whose licensed warehouse such potatoes are stored may sell the same at public auction at the expense and for the account of the owner.

Warehouseman  
must comply with  
State law and  
his contracts.

Sec. 32. Each warehouseman shall faithfully perform his obligations as a warehouseman under the laws of the State in which he is conducting his licensed warehouse and such additional obligations as a warehouseman as may be assumed by him under contracts with the respective depositors of potatoes in such warehouse.

Fire loss to  
be reported by  
wire.

Sec. 33. If at any time a fire shall occur at or within any licensed warehouse, it shall be the duty of the warehouseman to report immediately by wire to the Chief of the Bureau the occurrence of such fire and the extent of damage.

Inspection or  
weight certi-  
ficate to be  
filed.

Sec. 34. When an inspection or weight certificate has been issued by a licensed inspector or weigher, a copy of such certificate shall be filed with the warehouseman in whose warehouse the potatoes covered by such certificate are stored, and such certificate shall become a part of the records of the licensed warehouseman.





Regulation 6. Fees.

Warehouse  
license fees.

Sec. 1. There shall be charged, assessed, and collected a fee of \$2 for each warehouseman's license.

Warehouse  
inspection fees.

Sec. 2. There shall be charged, assessed, and collected for each original examination or inspection of a warehouse under the Act, when such examination or inspection is made upon application of a warehouseman, a fee at the rate of \$1 for each 2000 hundred weight of the storage capacity, or fraction thereof, determined in accordance with paragraph 1 of section 2 of regulation 3, but in no case less than \$5 nor more than \$50, and, for each reexamination or reinspection applied for by such warehouseman, a fee, based on the extent of the reexamination or reinspection, proportioned to, but not greater than, that prescribed for the original examination or inspection.

Advance  
deposit.

Sec. 3. Before any warehouseman's license, modification or extension thereof is granted, or an original examination or inspection, or reexamination or reinspection, applied for by a warehouseman, is made, pursuant to these regulations, the warehouseman shall deposit with the Bureau the amount of the fee prescribed therefor. Such deposit shall be made in the form of a check, certified if required by the Bureau, or post-office or express money order, payable to the order of "Disbursing Clerk, Department of Agriculture."

Return of  
excess deposit.

Sec. 4. The Disbursing Clerk of the United States Department of Agriculture shall hold in his custody each advance deposit made under this regulation until the fee, if any, is assessed and he is furnished by the Bureau with a statement showing the amount thereof and against whom assessed. Any part of such advance deposit which is not required for the payment of any fee assessed shall be returned to the party depositing the same.

Regulation 7. Licensed Inspectors and Weighers.

Licensed in-  
spectors and  
weighers.  
Application  
forms.

Sec. 1. Par. 1. Application for licenses to inspect or to weigh potatoes under the Act shall be made to the Chief of the Bureau on forms furnished for the purpose by him.

Par. 2. Each such application shall be in English, shall be signed by the applicant, shall be verified by him under oath or affirmation administered by a duly authorized officer.





Contents.

and shall contain or be accompanied by (a) satisfactory evidence that he has passed his twenty-first birthday, (b) the name and location of a warehouse or warehouses licensed, or for which application for license has been made, under the Act in which potatoes sought to be inspected, and weighed, under such license are or may be stored, (c) a statement from the warehouseman conducting such warehouse showing whether or not the applicant is competent and is acceptable to such warehouseman for the purpose, (d) satisfactory evidence that he has had at least one year's experience in the kind of service for which a license is sought or the equivalent of such experience, and that he is competent to perform such services, except in the case of applicants for weighers' licenses one month's experience will be sufficient, (e) a statement by the applicant that he agrees to comply with and abide by the terms of the Act and these regulations so far as the same may relate to him, and (f) such other information as the Chief of the Bureau may deem necessary, provided, that when an application for a license to inspect potatoes is filed by a person who does not intend to inspect potatoes for any particular licensed warehouseman but who does intend to inspect potatoes stored or to be stored in a licensed warehouse and to issue inspection certificates therefor, as provided for by the Act and these regulations, independent of the warehouse receipts issued to cover such potatoes, it shall not be necessary to furnish such statement as is required by sub-division (c) of this paragraph.

Applicant must furnish additional information if required.

Par. 3. The applicant shall at any time furnish such additional information as the Secretary or the Chief of the Bureau shall find to be necessary to the consideration of his application by the Secretary.

Combined inspector's, and weigher's application.

Par. 4. A single application may be made by any person for a license to inspect or to weigh upon complying with all the requirements of this section.

Examination.

Sec. 2. Each applicant for a license as a weigher or an inspector and each licensed inspector or licensed weigher shall, whenever requested by an authorized agent of the Department of Agriculture designated by the Chief of the Bureau for the purpose, submit to an examination or test to show his ability properly to perform the duties for which he is applying for license or for which he has been licensed.

Posting of license.

Sec. 3. Each licensed inspector shall keep his license conspicuously posted in the office where all or most of the grading is done, and each licensed weigher shall keep his license conspicuously posted in the warehouse office or in such place as may be designated for the purpose by the Chief of the Bureau.



Duties of  
Inspector and  
weigher.

Sec. 4. Each licensed inspector and each licensed weigher, when requested, shall, without discrimination, as soon as practicable, and upon reasonable terms inspect or weigh and certify the grade, condition or weight for storage of potatoes stored or to be stored in a licensed warehouse for which he holds a license, if such potatoes be offered to him under such conditions as permit proper inspection and the determination of the condition, grade or weight thereof, as the case may be. Each such inspector or weigher shall give preference to persons who request his services as such over persons who request his services in any other capacity. No inspection or weight certificate shall be issued under the Act for potatoes not stored or not to be stored in a licensed warehouse.

Inspection  
certificate.

Sec. 5. Each inspection certificate issued under the Act by a licensed inspector shall be in a form approved for the purpose by the Chief of the Bureau, and shall embody within its written or printed terms (a) the caption, "United States warehouse Act, Potato Inspection Certificate," (b) whether it is an original, a duplicate, or other copy, (c) the name and location of the licensed warehouse in which the potatoes are or are to be stored, (d) the date of the certificate, (e) the location of the potatoes at the time of inspection, (f) the identification number or mark of each lot of potatoes, if in sacks given in accordance with regulation 5, section 11, (g) the grade and condition of the potatoes for storage at the time of inspection, (h) that the certificate is issued by a licensed inspector, under the United States warehouse Act and regulations thereunder, (i) a blank space designated for the purpose in which may be stated any general remarks on the grade and condition of the potatoes, (j) the signature of such licensed inspector. In addition, the inspection certificate may include any other matter not inconsistent with the Act or these regulations, provided the approval of the Bureau is first secured.

Weight  
certificate.

Sec. 6. Each weight certificate issued under the Act by a licensed weigher shall be in a form approved for the purpose by the Chief of the Bureau, and shall embody within its written or printed terms (a) the caption "United States warehouse Act, Potato Weight Certificate," (b) whether it is an original, a duplicate, or other copy, (c) the name and location of the licensed warehouse in which the potatoes are or are to be stored, (d) the date of the certificate, (e) the location of the potatoes at the time of weighing, (f) the identification number or mark of each lot of potatoes, if in sacks, given in accordance with regulation 5, section 11, (g) the gross weight of the potatoes, (h) that the certificate is issued by a licensed weigher, under the United States warehouse Act and the regulations thereunder, and (i) the signature of such licensed weigher. In addition, the weight certificate may include any other matter not inconsistent with the Act or these regulations, provided the approval of the Bureau is first secured.





Combined inspection and weight certifi-

Sec. 7. The condition, grade and weight of any potatoes ascertained by a licensed inspector, or a licensed weigher may be stated on a certificate meeting the combined requirements of section 5 and 6 of this regulation, if the form of such certificate shall have been approved for the purpose by the Chief of the Bureau.

Copies of certificates to be kept

Sec. 8. Each licensed inspector and each licensed weigher shall keep for a period of one year in a place accessible to persons financially interested a copy of each certificate issued by him under these regulations and shall file a copy of each such certificate with the warehouse in which the potatoes covered by the certificate are stored.

Licensees to permit and assist in examinations.

Sec. 9. Each licensed inspector and each licensed weigher shall permit any officer or agent of the Department of Agriculture, authorized by the Secretary for the purpose, to inspect or examine, at any time, his books, papers, records, and accounts relating to the performance of his duties under the Act and these regulations, and shall, with the consent of the licensed warehouseman concerned, assist any such officer or agent in the inspection or examination of records mentioned in section 16 of regulation 5, as far as any such inspection or examination relates to the performance of the duties of such licensed inspector or licensed weigher under the Act and these regulations.

Reports.

Sec. 10. Each licensed inspector, and each licensed weigher shall, from time to time, when requested by the Chief of the Bureau, make reports on forms furnished for the purpose by the Bureau, bearing upon his activities as such licensed inspector or licensed weigher.

Suspensions, revocations, or cancellation of inspector's, or weigher's licenses.

Sec. 11. Pending investigation the Secretary may, whenever he deems necessary, suspend the license of a licensed inspector or licensed weigher temporarily without hearing. Upon a written request and a satisfactory statement of reasons therefor, submitted by the licensed inspector or licensed weigher the Secretary may, without hearing, suspend or cancel the license issued to such licensed inspector or licensed weigher. The Secretary may, after opportunity for hearing, when possible, has been afforded in the manner prescribed in this section, suspend or cancel a license issued to a licensed inspector or licensed weigher when such licensed inspector or licensed weigher (a) has ceased to perform services as such inspector, or weigher, or (b) has in any other manner become incompetent or incapacitated to perform the duties of such licensed inspector or licensed weigher. As soon as it shall come to the attention of a licensed warehouseman that either of the conditions mentioned under (a) and (b) exist, it shall be the duty of such warehouseman to notify in writing the Chief of the Bureau. Before the license of any licensed inspector or licensed weigher is suspended or





revoked pursuant to section 12 of the Act, such licensed inspector or licensed weigher shall be furnished by the Secretary, or by an official of the Department of Agriculture designated for the purpose, a written statement specifying the charges and shall be allowed a reasonable time within which he may answer the same in writing and apply for a hearing, an opportunity for which shall be afforded in accordance with regulation 10, section 4.

Return of suspended, revoked, or canceled inspector's or weigher's licenses.

Sec. 12. Paragraph 1. In case a license issued to a licensed inspector, or licensed weigher is suspended, revoked, or canceled by the Secretary, such license shall be returned to the Secretary. At the expiration of any period of suspension of such license, unless in the meantime it be revoked or canceled, the dates of the beginning and termination of the suspension shall be indorsed thereon, and it shall be returned to the licensed inspector or licensed weigher to whom it was originally issued, and it shall be posted as prescribed in section 3 of this regulation.

License terminates with warehouse license.

Paragraph 2. Any license issued under the Act and these regulations to an inspector or weigher shall automatically terminate as to any licensed warehouse whenever the license of such warehouse shall be revoked or canceled. Thereupon the license of such inspector or weigher shall be returned to the Secretary. In case such license shall apply to other warehouses the Secretary shall issue to him a new license, omitting the names of the warehouses covering which licenses have been so revoked or canceled. Such new licenses shall be posted as prescribed in section 3 of this regulation.

New Licenses, when issued.

Sec. 13. Upon satisfactory proof of the loss or destruction of a license issued to a licensed inspector or licensed weigher a duplicate thereof may be issued under the same or a new number, in the discretion of the Secretary.

Lost or destroyed inspector's, or weigher's licenses.

Unlicensed inspector's and weigher's must not represent themselves as licensed.

Sec. 14. No person shall in any way represent himself to be an inspector or weigher licensed under the Act unless he holds an unsuspended, unrevoked, and uncanceled license issued under the Act.

#### Regulation 8. Potato Inspecting and Grading.

Variety, and condition to be stated in accordance with regulations.

Section 1. Whenever the variety or type, grade, or condition of potatoes is required to be or is stated for the purposes of this Act or these regulations, it shall be stated in accordance with this regulation.



Standards to be used.

Sec. 2. The grades as recommended by the United States Department of Agriculture effective July 1, 1922, contained in Department Circular No. 238, shall be used for the purpose of stating the grade on warehouse receipts or grade certificates issued for potatoes stored in licensed warehouses, except that no tolerances shall be allowed for blight, decay, or freezing injury, and only such amount of dirt as may naturally adhere to the potatoes in the form of dust.

#### Regulation 9. Appeal of Grades.

Method of appeal in case of dispute.

Section 1. Paragraph 1. In case a question arises as to whether the variety, grade, or condition of the potatoes was correctly stated in a receipt or inspection certificate issued under the Act or these regulations, the licensed warehouseman concerned or any person financially interested in the potatoes involved may, after reasonable notice to the other party, submit the question to such representatives of the Bureau as the Chief of Bureau may appoint. The decision of the representatives of the Bureau shall be final, unless the Chief shall direct a review of the question.

Immediately upon making their decision, the representatives of the Bureau shall issue a certificate, embodying their findings to the appellants and the licensee or licensees involved.

New Receipts or certificates to be issued.

Paragraph 2. If the decision of the representatives of the Bureau be that the variety or type, grade, or condition was not correctly stated, the receipt or certificate involved shall be returned to and canceled by the licensee who issued it and the licensee shall issue in lieu thereof a new receipt or certificate embodying therein the statement of variety or type, grade, or condition in accordance with the findings of the representatives of the Bureau.

Assessment of Appeal Expenses.

Paragraph 3. All necessary and reasonable expense of such arbitration shall be borne by the losing party, unless the Chief of Bureau or his representative shall decide that the expense should be prorated between the parties.

#### Regulation 10. Miscellaneous.

Regulations applicable to State warehouses.

Section 1. Every person applying for a license, or licensed, under section 9 of the Act, shall, as such, be subject to all portions of these regulations, except regulation 2, section 3, so far as they may relate to warehousemen. In case there is a law of any State providing for a system of warehouses owned, operated, or leased by such State, a person applying for a license under section 9 of the Act, to accept the custody of potatoes and to store the same in any of said warehouses, may, in lieu of a bond or bonds, complying with regulation 3, sections 1 and 2, file with the Secretary a single bond meeting the requirements of the Act and these regulations, in such





form, and in such amount not less than \$5,000 as he shall prescribe, to insure the performance by such person, with respect to the acceptance of the custody of potatoes and their storage in the warehouses in such system for which licenses are or may be issued, of his obligations arising during the periods of such licenses, and in addition, if desired by the applicant, during the periods of any modifications or extensions thereof. In fixing the amount of such bond, consideration shall be given, among other appropriate factors, to the character of the warehouses involved, their actual or contemplated capacity, the bonding requirements of the State, and its liability with respect to such warehouses. If the Secretary shall find the existence of conditions warranting such action, there shall be added to the amount of the bond so fixed, a further amount, fixed by him, to meet such conditions.

Publications.

Sec. 2. Publications under the Act and these regulations shall be made in service and regulatory announcements of the Bureau of Agricultural Economics, and such other media as the Chief of that Bureau may from time to time designate for the purposes

Violations of  
Act and regula-  
tions to be  
reported.

Sec. 3. Every person licensed under the Act shall immediately furnish the Chief of the Bureau any information which comes to the knowledge of such person tending to show that any provision of the Act or these regulations has been violated.

Procedure  
in hearings.

Sec. 4. For the purpose of a hearing under the Act and these regulations, except regulation 9, the licensee involved shall be allowed a reasonable time, fixed by the Secretary or by an official of the Department of Agriculture designated by him for the purpose, within which affidavits and other proper evidence may be submitted. If requested by the licensee within such time, an oral hearing, of which reasonable notice shall be given, shall be held before, and at a time and place fixed by, the Secretary or an official of the Department of Agriculture designated by him for the purpose. The testimony of the witnesses at such oral hearing shall be upon oath or affirmation administered by the official before whom the hearing is held, when required by him. Such oral hearing may be adjourned by him from time to time. After reasonable notice to all parties concerned, the deposition of any witness may be taken at a time and place and before a person designated for the purpose by the Secretary or an official of the Department of Agriculture authorized by the Secretary. Every written entry in the records of the Department of Agriculture made by an officer or employee thereof in the course of his official duty, which is relevant to the issue involved in a hearing, shall be admissible as prima facie evidence of the facts stated therein without the production of such officer or employee. Copies of all papers and all the evidence submitted or considered in such hearing shall be made a part of the records of







the Department of Agriculture. The records and, when there has been an oral hearing other than by the Secretary, the recommendation of the official holding such oral hearing shall be transmitted to the Secretary for his consideration. Each party shall pay all expenses contracted by him in connection with any hearing under this section.

No conflict  
with State or  
Federal laws.

Sec. 5. Nothing in these regulations shall be construed to conflict with, or to authorize any conflict with, or in any way to impair or limit the effect or operation of the laws of any State relating to warehouses, warehousemen, inspectors, graders, or weighers, nor shall these regulations be construed so as to limit the operation of any statute of the United States relating to warehouses, warehousemen, inspectors, graders, or weighers now in force in the District of Columbia, or in any Territory or other place under the exclusive jurisdiction of the United States.

Amendments.

Sec. 6. Any amendment to, or revision of, these regulations, unless otherwise stated therein, shall apply in the same manner to persons holding licenses at the time it becomes effective as it applies to persons thereafter licensed under the Act.

